

Message Text

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PAGE 01 STATE 045630

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

C O N F I D E N T I A L STATE 045630

STADIS//////////

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, RP

SUBJECT:PHILIPPINE ECONOMIC TREATY

REF: MANILA 2242

1. GOP APPROACH TO NEGOTIATIONS REFLECTED IN REFTEL AND OTHER REPORTING, RAISES QUESTION IN OUR MINDS REGARDING PHILIPPINE INTENTIONS IN ECONOMIC NEGOTIATIONS. WOULD APPRECIATE EMBASSY'S VIEW AS TO WHETHER GOP'S DELIBERATE APPROACH IS ESSENTIALLY TACTICAL, AS WE HAVE ASSUMED, OR IN FACT MAY REFLECT A DEEPER RELUCTANCE TO MEET U.S. REQUIREMENTS FOR AN INVESTMENT TREATY. ADDING TO OUR UNCERTAINTY ARE INDICATIONS GOP MISGIVINGS ABOUT DRAFT TAX TREATY, THE NON-DISCRIMINATION PROVISIONS OF WHICH WOULD REPRESENT SIGNIFICANT U.S. CONCESSION AND ARE IN FACT STILL UNDERGOING REVIEW.

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PAGE 02 STATE 045630

2. AS EMBASSY IS AWARE, INVESTMENT PROVISIONS OF DRAFT

TREATY TABLED BY U.S. JULY 1974 CONTAIN LANGUAGE WHICH DEVIATES FROM LONG-STANDING U.S. POLICY OF INSISTING ON NATIONAL TREATMENT FOR U.S. INVESTORS. THERE IS WIDESPREAD FEELING AMONG WASHINGTON AGENCIES THAT A FURTHER DILUTION OF TREATY LANGUAGE WOULD MAKE TREATY A MEANINGLESS INSTRUMENT FOR OUR INVESTMENT INTERESTS. IN FACT, INFORMAL

COMMENTS AND OVERALL ATTITUDE DISPLAYED BY BUSINESSMEN CONCERNED WITH THE PHILIPPINES (I.E., THE PHILIPPINE-AMERICAN CHAMBER OF COMMERCE IN NEW YORK) SUGGEST THAT ABSENCE OF A TREATY MAY NOT BE A MATTER OF GREAT CONCERN TO THEM.

3. THEREFORE, IT WOULD BE HELPFUL TO RECEIVE EMBASSY ASSESSMENT OF INVESTMENT PROVISIONS THAT WE COULD REALISTICALLY HOPE TO ACHIEVE THROUGH A TREATY. WE RECOGNIZE THAT INVESTMENT PROVISIONS DEPEND IN PART ON TRADE CONCESSIONS, BUT WE WOULD, IN ANY CASE, LIKE TO HAVE EMBASSY'S ESTIMATE OF THE PARAMETERS IN WHICH WE WOULD PROBABLY BE OPERATING.

KISSINGER

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